

Introduction

A community's economy is guided by its location, the types of industries and other commercial activity it attracts, the education and skills of its working-age population, and by the economic uses of its land. Any one community is part of a larger economic region or area connected by employment, trade, and transportation characteristics. The boundaries of such regions tend to correspond with land use patterns, utilities, and transportation systems that support the movement of goods and people. For economic statistical purposes, Arlington is part of the Boston-Cambridge-Quincy, MA New England City and Town Area (NECTA) Division (also referred to as Boston Metro region). This area is centered on Boston and includes ninety-two communities with employment ties to the city, the "Route 128" suburbs, and some North Shore and South Shore municipalities. The Boston Metro division is part of the larger Cambridge-Boston-Quincy Metropolitan area that roughly extends in all directions to just beyond I-495.

Arlington has many characteristics of a workforce suburb (primarily providing housing for workers employed in other communities), yet it is poised to attract new business within its borders. Economic development is associated with the benefits of job creation, expanding a community's tax base, improving public services and shopping options for residents, strengthening the local economy, and enhancing the value of commercial

properties. In Arlington, many believe that the addition of more businesses is required to expand the tax base and shoulder more of the cost of local government services. Arlington has very little vacant, developable commercial land available, so it will require the redevelopment or renewal of key sites to have a large-scale impact on economic growth. The Town has identified several potential sites along Massachusetts Avenue, the Mill Brook, Broadway, and Route 2. These locations, along with the historic centers of commercial activity in East Arlington, Arlington Center and Arlington Heights, and some neighborhood nodes, will constitute the focus of economic development. Beyond physical sites, Arlington is also looking toward investment in the new innovation economy, small business creation, and new types of workplace environments that are not necessarily dependent on location.

Existing Conditions

Arlington's Labor Force

A community's labor force includes all residents between 16 and 64 years of age, employed or looking for work. Arlington's labor force includes 24,984 people, which represents a 72.3 percent labor force participation rate.¹ As Table 6.1 indicates, Arlington has a relatively high labor force participation rate among

¹ Labor Force Participation rate is the ratio between the labor force and the total size of the 16-64 cohort.

master plan goals for economic development

- Support conditions that benefit small, independent businesses.
- Maximize the buildout potential of commercial and industrial properties.
- Promote Arlington's historic and cultural assets as leverage for economic development.
- Improve access to public transit and parking



neighboring communities, surpassed only by that of Somerville, and is positioned well above the national average of 64.1 percent (2011).

OCCUPATIONS

Similar to the trend that distinguishes the Boston Metro area from the state as a whole, residents of Arlington and other inner suburbs are far more likely to have occupations in management, science, technology, and the arts. An occupation describes the kind of work the person does, which is not the same as the industry a person works in or whether the person's employer is a public agency or private company. Sixty-four percent of Arlington residents have occupations in management, science, technology, or the arts, compared with 43 percent statewide; moreover, only 3 percent have production, manufacturing, or transportation jobs compared with 9 percent statewide (Table 6.2).

LABOR FORCE BY INDUSTRY

Residents of Arlington and all of its surrounding communities are well represented in the information, professional and scientific services, and education, health care, and social service sectors. Approximately 57 percent of Arlington's employed civilian labor force works in the professional/scientific, information, or education/

Table 6.1. Labor Force Characteristics (2011)

Geography	Labor Force	Labor Force Participation Rate	Civilian Employed	Unemployment Rate
ARLINGTON	24,984	72.3%	23,747	4.8%
Belmont	13,097	67.5%	12,552	4.1%
Cambridge	63,071	68.3%	59,018	6.0%
Lexington	15,512	64.2%	14,835	4.3%
Medford	33,504	69.8%	31,003	7.4%
Somerville	50,435	75.2%	47,073	6.5%
Winchester	10,076	63.3%	9,408	6.4%

Source: U.S. Census Bureau, American Community Survey (ACS) 2007-2011, DP-03. Note: Table 6.1 omits military employment. For these seven communities, the combined total of Armed Forces employment is 473 people.

Table 6.2. Employed Civilian Labor Force by Occupation (2011)

Geography	Employed Civilian Labor Force	Percent in Occupational Groups				
		Management, Science, Arts	Service	Sales and Office	Construction, Maintenance, Mining	Production, Transportation
ARLINGTON	23,747	64.1%	8.9%	20.8%	3.7%	2.6%
Belmont	12,552	66.7%	10.5%	17.0%	3.1%	2.7%
Cambridge	59,018	69.6%	10.5%	15.5%	1.7%	2.7%
Lexington	14,835	74.6%	6.7%	15.6%	0.8%	2.4%
Medford	31,003	48.4%	15.2%	24.7%	6.0%	5.6%
Somerville	47,073	53.4%	16.8%	19.9%	5.3%	4.6%
Winchester	9,408	69.2%	7.6%	18.8%	2.1%	2.3%
Massachusetts	3,280,503	43.1%	16.8%	23.9%	7.2%	9.0%
Middlesex County	791,260	51.8%	14.2%	21.5%	6.0%	6.6%

Source: U.S. Census Bureau, ACS 2007-2011, DP3, and RKG Associates.

Brief Definitions:

- Service occupations include a variety of occupations, from protective service workers to bartenders and wait staff in restaurants and personal services such as barbers and flight attendants.
- Sales and Office occupations include retail sales, wholesale representatives, travel agents, real estate agents and brokers, telemarketers, and others.
- Construction, Maintenance, Mining occupations include all of the construction trades and allied occupations, installation and repair workers,
- Production occupations include manufacturing, assembly, machinists, printers,
- Transportation occupations include trucking, bus drivers, taxi drivers, ambulance drivers, railroad operators, parking lot attendants, boat captains, material moving workers, truck and tractor operators, and so on.

Arlington Labor Force By Industry

(Source: ACS 2007 - 2011)

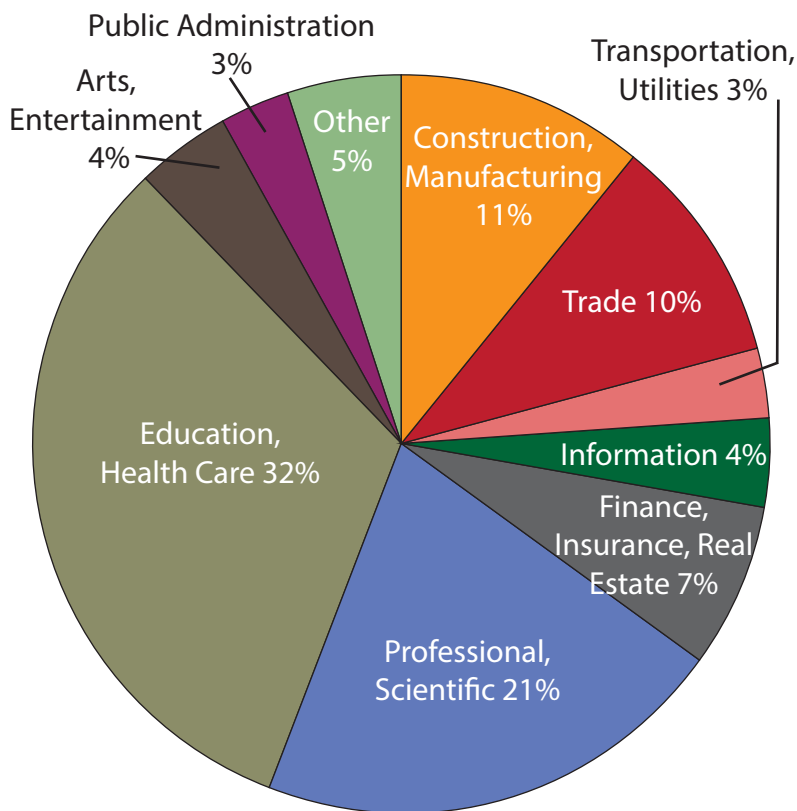


Figure 6.1

health care sectors, which include industries that often require considerable expertise and training. These are also among the top growth sectors in Eastern Massachusetts, and in many cases involve industries offering fairly high-wage employment. On average, Arlington residents are 1.5 to 1.7 times more likely to work in one of these industries than residents elsewhere in the state, which some studies correlate to the relatively high educational attainment of Arlington's population.²

EMPLOYMENT PROFILE

The profile of Arlington's labor force is similar to that of the state and Middlesex County. Almost 82 percent of the local labor force has a wage or salary job with a private-sector business or non-profit organization. About 7 percent are self-employed individuals, while 11 percent of residents work as a government employee at the federal, state, or local level. This distribution is similar in neighboring cities and towns, with some exceptions. Belmont, for example, tends to have more residents in public-sector employment, and both Bel-

mont and Lexington residents are more likely to be self-employed.

PLACE OF WORK

As a residential suburb with a fairly small employment base, Arlington does not offer many options for its own population to work locally. The overwhelming majority of its working residents commute to jobs outside of town. Thirty-nine percent of them commute to Boston or Cambridge, 11.3 percent have jobs in neighboring Belmont, Lexington, Medford, Somerville, or Winchester, and approximately 33 percent commute to Burlington, Waltham, or another major employment center along Route 128/I-95.³ Arlington has a smaller percentage of locally employed residents than any of the adjacent cities and towns – only 15.7 percent of the local labor force works in Arlington. The impact of this “exodus” is noticeable – commuters are responsible for a 32 percent decrease in the town's daytime population.⁴

Almost 6 percent of Arlington's employed labor force works at home. Most home-based workers are self-employed individu-

als, but some are telecommuters, i.e. people who work for a business that allows them to work at home for all or a portion of the work week. Though a larger share of Arlington's labor force works at home than that of Middlesex County or the state, several surrounding communities have even larger shares, notably Lexington, at 8.5 percent, and Belmont, at 7.8 percent.

AGE DEPENDENCY

Arlington has a fairly low age dependency ratio, the relationship between the number of “dependent” persons – mainly children and senior citizens – and the labor force. Figure 6.2 shows the age dependency ratio in Arlington and neighboring cities and towns. Arlington's ratio is 0.604, which means there are only 0.6 children and seniors for every one working-age resident.

³ See also, Section 3: Transportation.

⁴ Source: U.S. Census Bureau, ACS 2006-2010 5-Year Estimates, Journey to Work and Migration Statistics, Table 2. Commuter-Adjusted Daytime Population: Minor Civil Divisions (July 24, 2012).

² See Section 1, Demographic Characteristics; and Economic Development Self-Assessment Tool Results for the Town of Arlington (EDSAT) (June 2012), 5.

In comparison, age dependency ratios in Cambridge, Somerville, and Medford are conspicuously low due to their disproportionate college student populations, and Lexington and Winchester – affluent suburbs with many families and large populations of school-age children – have much higher age dependency ratios, 0.864 and 0.869, respectively. Dependency ratios are a method to understanding the size and strength of a community's labor force, and are also key indicators for cost of living. As a rule, high dependency ratios indicate the need for higher household incomes to support the cost of municipal and school services. This is because the cost of services that benefit a large percentage of the population (seniors and school-age children) is paid for by a smaller percentage of the population (the working-age population).

Employment Base

A community's employment base includes all payroll jobs reported by for-profit, non-profit and public employers located in the town. Arlington's employment base includes 8,432 jobs, 87 percent of which are in industries that provide some type of professional, technical, financial, personal, or other service. Since 2001, the local employment base has declined by 4 percent if measured in jobs, but has grown almost 9 percent if measured by number of businesses, indicating that on average there are fewer jobs per employer. The jobs-to-housing ratio in Arlington is only 0.41 (0.41 jobs for every one housing unit) which is far below the standard planning range of 1.3 to 1.7 jobs per unit.⁵ This figure, however, is consistent with the amount of commercial and industrial floor space that currently exists in the town (about 2.5 million square feet (sq. ft.)) and assuming an industry standard average of one employee per 300 sq. ft.

LOCATION QUOTIENTS

Location quotients compare employment by industry in two or more geographic areas. The quotient is a ratio of the percentage of an industry's employment in one area to that of a larger comparison area. If the location

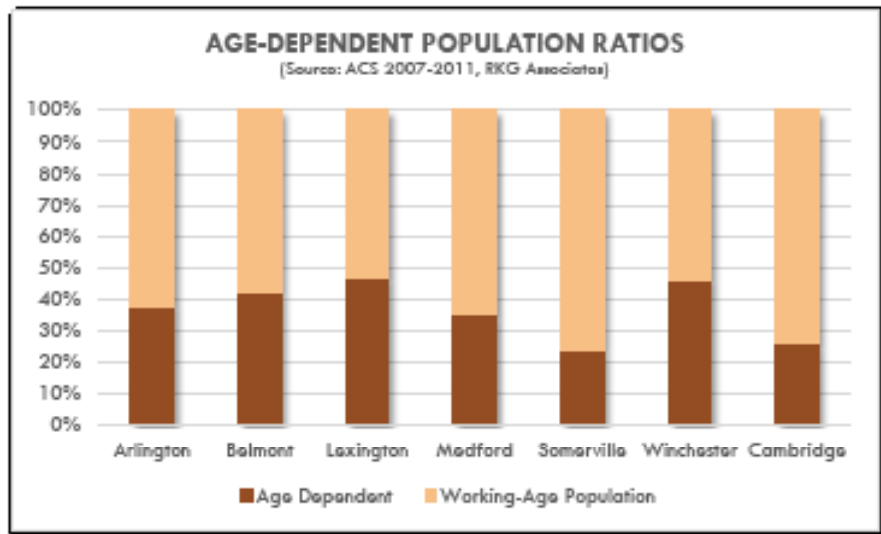


FIGURE 6.2

quotient for a given industry's employment falls between 0.90 and 1.10, the industry's proportion of jobs is virtually equal in both places. A location quotient of less than 0.90 identifies an industry that is under-represented in the local economy, and one that is more than 1.10 identifies an industry with a disproportionately large percentage of local employment. For planning purposes, location quotients can suggest opportunities for industries to claim a larger share of employment, or indicate the danger of over-dependence on a single industry. However, sometimes a high location quotient simply signals unique regional conditions such as hospitality and tourism businesses in seasonal resort areas.

A location quotient analysis of Arlington's employment base, as shown in Table 6.4, indicates that some industries are strongly served and others have a relatively small local presence. Aside from manufacturing, which is understandably underrepresented, professional and business services are noticeably low. Smaller services such as personal care, auto and equipment repair are overrepresented.

LOCAL WAGES

The average weekly wage paid by Arlington employers (\$844) is low compared with statewide figures. Table 6.4 shows that in some cases Arlington has a relatively small number of jobs in higher-wage employment industries such as wholesale trade, with an average weekly wage of \$1,247 and a location quotient of only 0.407. By contrast, an industry with a stable location quotient such as "Health Care" at 1.127 pays very low weekly wages.

⁵ Jerry Weitz, *The Jobs-Housing Balance*, Planning Advisory Service No. 516, American Planning Association (November 2003), 4

Table 6.3. Analysis of Location Quotients for Arlington's Employment Base (2012)

Industry	Location Quotient	Industry	Location Quotient
Construction	2.875	Arts, Entertainment, Recreation	0.991
Other Services (auto & equipment repair, laundry services, personal care, pet care, fraternal organizations, etc.)	1.887	Finance and Insurance	0.849
Real Estate, Rental and Leasing	1.311	Trade, Transportation and Utilities	0.791
Public Administration (federal, state & local non-educational government workers)	1.294	Professional and Business Services	0.622
Information (Digital, print and multi-media publishing, broadcasting & communication)	1.170	Transportation and Warehousing	0.578
Educational Services (public and private, pre-k to college)	1.149	Wholesale Trade	0.407
Health Care and Social Assistance	1.127	Non-Durable Goods Manufacturing	0.399
Retail Trade	1.018	Manufacturing	0.166
Accommodations and Food Service	1.016	Durable Goods Manufacturing	0.044
Sources: Mass. Executive Office of Labor and Workforce Development, ES-202; and RKG Associates.			

MARKETS SERVED BY ARLINGTON'S EMPLOYMENT BASE

Another way to think about Arlington's local economy is whether any of the existing employment serves markets outside the town itself. Basic employment includes industries that depend on external demand, e.g., manufacturing, which ships goods to non-local markets. Employment in manufacturing, farming, and mining is inherently basic, and almost any industry with a location quotient greater than 1.00 involves some basic employment. Non-basic or local market-serving employment depends almost entirely on local demand and usually employs local residents, e.g., grocery stores and small personal service establishments. Since an economy with a large percentage of basic employment is usually more resilient during an economic downturn, the division of basic and non-basic employment is important.

About 20 percent of Arlington's economy consists of basic employment, which is fairly small but consistent with the overall profile of local industries, jobs, and wages. Arlington's many restaurants provide some basic employment, as suggested by the location quotient of 1.016. Together, the arts, entertainment, and food services industries operate as a "bundle" that draws people to Arlington from other communities. Conversely, Arlington's construction sector primarily responds to regional construction demand across the Boston metropolitan area in conjunction with growing demand for residential renovations in the town's neighborhoods.

Arts, Culture and Tourism

Contemporary art and culture play an important part in Arlington's community identity and economy. Approximately 630 Arlington residents work in the visual, print, performing arts, and related fields.⁶ Arts and cultural businesses and organizations spur economic activity not just by employing people, but by drawing patrons to the town's commercial districts where they can patronize adjacent businesses. This sector is also successful in attracting out-of-town consumer spending. Visitors tend to patronize nearby shops, services and restaurants before or after artistic and cultural events. The prime example of this economic association is with Arlington's two theater businesses: the Regent Theatre and the Capitol Theatre, whose 200,000 annual patrons spend \$2.4 million on nearby shops, restaurants and service businesses, according to the Economic Impact of Arlington's Theatres report.⁷ Arlington's non-profit theaters, Arlington Friends of the Drama, Arlington Children's Theater and True Story Theater also attract out-of-town visitors and their spending. In addition to the arts, historic and cultural tourism has similar economic benefits for local businesses.

Many local organizations promote and enhance local arts institutions and Arlington's history. Arlington established a Cultural Commission in 1993 (that, af-

⁶ ACS 2008-2012, Table C24030.

⁷ Margaret Collins, Cambridge Economic Research, *Economic Impact of Arlington's Theatres* (September 2013), prepared for Arlington Planning Department.

ter a defunct period, was reactivated and renamed as the Commission on Arts & Culture in 2013), and the Committee on Tourism and Economic Development (A-TED) in 2010. The Commission on Arts and Culture is tasked with preserving cultural and artistic resources and promoting Arlington as a significant cultural destination through marketing, education, advocacy, and related activities, including the compilation of a long-term cultural plan and advising the Town on cultural or artistic matters. In addition, Arlington became a charter member of the Battle Road Scenic By-Way Committee in 2013, a regional partnership of Battle Road communities (Arlington, Bedford, Concord, and Lexington) and of the Minuteman National Historical Park, which jointly promotes and enhances tourism along the length of the Battle Road area.

Commercial and Industrial Development

Arlington has three main commercial centers located along the length of Massachusetts Avenue, with additional neighborhood-scale business activity on Broadway, Chestnut, and Mystic Streets, and a mix of

the central parts of the Mill Brook corridor and the Minuteman Bikeway. These areas fall under six unique business districts and one industrial district:

Property Characteristics

The inventory of commercial and industrial property in Arlington includes 415 parcels with a combined area of 193 acres and about 2.5 million sq. ft. of floor space.⁸ Collectively these properties generate over \$6 million in property tax levies. In addition, the industrial properties also generate personal property taxes (\$222,700 in FY 2014). Approximately eighty of these parcels are mixed use, i.e. have both nonresidential and residential functions. Between FY 2009 and FY 2014, the amount of real and personal property taxes paid by nonresidential and mixed-use property owners in Arlington increased by 28 percent.⁹

Several commercial properties were recently sold in Arlington, including fourteen mostly office and industrial spaces between 2011 and 2013 for an average of \$184 per sq. ft. As of February 2014, about 57,000 sq. ft. of retail, industrial, and office space was available for lease, with rents ranging from \$13.33 per sq. ft. (industrial/flex space) to \$45 per sq. ft. (retail and office

Table 6.5. Commercial Center Findings, Vision and Action Plan (2010)

Commercial Area	Retail Mix	Issues	Solutions
Arlington Heights	Home improvement, sports, hobby stores	Business retention, organization, promotion	<u>Short term:</u> Improve marketing by enhancing district website; update business directory <u>Long term:</u> Redevelop key commercial sites with high-value retail and mixed-use structures.
East Arlington	Capitol Theatre, arts and crafts, cinema, galleries, boutiques and eateries, local convenience shopping; thriving businesses, collaborative efforts.	Issues: poor physical condition (signs, commercial storefronts, public infrastructure), parking	<u>Short term:</u> Improve parking availability, enhance district website <u>Long term:</u> Improve Mass. Avenue streetscape
Arlington Center	Civic, social, cultural heart of the Town; restaurants, stores, religious institutions, schools	Physically disorganized, visually incoherent; infrastructure, streetscape, public works, parking, marketing	<u>Short term:</u> Improve streetscape, upgrade signage <u>Middle term:</u> Plaza, restore storefront facades <u>Long term:</u> Reconfigure Russell Common Lot, renovate Broadway Plaza
Source: Koff & Associates (2010).			

older commercial and industrial uses in pockets along Summer Street. Industrial parcels are located along

⁸ Arlington GIS, RKG Associates (March 2013).

⁹ Massachusetts Department of Revenue, Division of Local Services, Municipal Data Bank.

Table 6.6. Tax Rate and Tax Base Trends

Community	FY2014 Property Tax Rates		% Change FY07-FY14		Tax Base Res. %	% Chg. FY07-FY14	Median Home Value (2013)	% Chg. FY06-FY13
	Residential	C/I/P	Residential	C/I/P				
ARLINGTON	\$13.79	\$13.79	25.9%	25.9%	93.9%	-0.7%	\$483,000	8.1%
Belmont	\$13.50	\$13.50	30.9%	30.9%	94.4%	-0.4%	\$687,850	11.1%
Cambridge	\$8.38	\$20.44	12.0%	11.7%	61.3%	-2.5%	\$550,000	23.6%
Lexington	\$15.51	\$29.56	36.8%	35.5%	86.6%	-1.9%	\$761,250	14.5%
Medford	\$12.25	\$24.01	37.8%	33.9%	87.5%	-1.7%	\$375,000	-1.3%
Somerville	\$12.66	\$21.51	24.7%	29.0%	83.6%	-2.4%	\$486,750	22.8%
Winchester	\$12.66	\$11.91	22.6%	23.5%	94.6%	-0.4%	\$737,200	24.9%

Sources: Massachusetts Department of Revenue; RKG Associates, Inc.

space), averaging about \$22 per sq. ft.¹⁰ The Arlington Planning Department started tracking commercial vacancies in 2013, and last reported that about 3 % of the town's commercial space is vacant and available for rent. What is not reported, however, is whether all rented, "occupied" commercial space is fully utilized.

Planning for Economic Growth

In 2010, the Town conducted a vision and revitalization study of the town's three main commercial areas. Arlington wanted an assessment of each district's advantages and needs in order to create realistic strategies to carry out the study's recommendations. The study produced an implementation document entitled *Town of Arlington: A Vision and Action Plan for Commercial Revitalization*, focused on Arlington Center but also promoted several ideas for Arlington Heights and East Arlington. Table 6.5 summarizes the priorities addressed in this plan.

The report contains numerous proposals to improve the appearance, operations, and economy of all three areas. For Arlington Heights, for example, recommendations range from streetscape improvements and parking management to business promotion, wayfinding strategies, creating better connections between open spaces along the Mill Brook, and effective use of an economic development coordinator for business revitalization.

The continued success of all three main commercial districts is desired by residents and town officials. Of the 4,400 respondents to Arlington's 2012 Vision 2020 survey, 67 percent rated "distinctive commercial centers" as important or very important to the town. In

addition, many long-time residents are pleased with the evolution of the business districts, saying that over time they have changed considerably as old family-owned car dealerships gradually gave way to restaurants, housing, and other uses. As one town official said, "We're no longer known as the town with nothing but banks and pizza parlors." Residents have also expressed support for economic development opportunities for start-up businesses. Some people think the Town has developed an "anti-business" reputation and that its Zoning Bylaw is antiquated, unresponsive to changing market forces, and procedurally difficult.

EDSAT Report

A recent **Economic Development Self-Assessment Tool (EDSAT)** study of Arlington's economic development strengths and weaknesses identifies several potential "deal makers" and "deal breakers" to economic growth.¹¹

- **Strengths:** Arlington has a highly-educated workforce with a large number of professionals, production of informative material to explain local permitting processes, and more amenities than comparable communities.
- **Weaknesses:** Arlington has some permitting procedures that take longer than those in other communities, restricted on-site parking, relatively high rents for some types of retail space, lack of Class A office space, limited or no use of available state incentives for economic growth such as infrastructure grants, tax incentives or the Massachusetts

¹⁰ Loopnet Commercial Real Estate Listings, February-March 2014.

¹¹ *Economic Development Self-Assessment Tool Results for the Town of Arlington (EDSAT)*; Northeastern University, Dukakis Center for Urban and Regional Policy. June, 2012, pp 6-7.

Expedited Permitting Law, and regionally high housing costs.

Property Tax Policies

Arlington has a lower tax rate than most of the surrounding towns and cities. Per the policy of the Board of Selectmen, Arlington does not impose a higher tax rate on commercial, industrial, and personal (CIP) property than residential property (Table 6.6). The Board's reasoning is that doing so would provide little fiscal benefit given the small size of the commercial property levy, and would thus only increase expenses for small local businesses.

Economic Development and Arlington's Fiscal Health

Arlington residents have concerns about the future of the business districts on Massachusetts Avenue and the older industrial areas, many of which are underutilized and seemingly ripe for redevelopment. Many believe the Town has allowed too much residential development in non-residentially zoned areas, resulting in a decrease of the commercial tax base that then places a greater share of municipal public costs on town residents. However, although some recent changes have affected revenues, the tax burden shift that has occurred in Arlington has roots that pre-date the recent conversion of old commercial space to multifamily dwellings. After the recession of the early 1990s, Arlington's commercial property values dropped significantly. Adjusted for inflation they have not yet fully recovered. Meanwhile, the housing market boom that began at the end of the 1990s in the Boston Metro-area led to skyrocketing housing values in Arlington – proper-

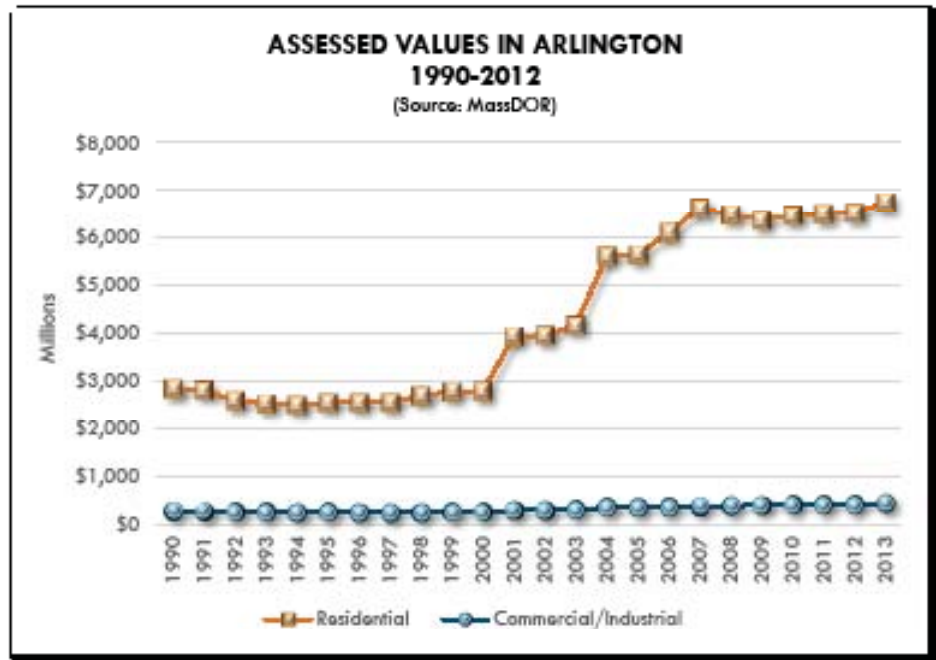


FIGURE 6.3

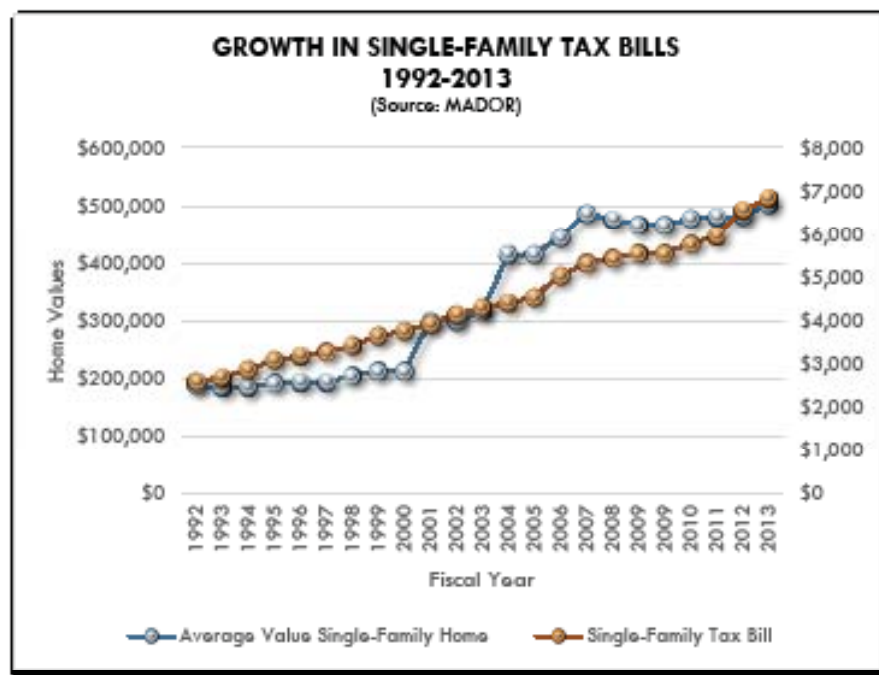


FIGURE 6.4

ty value growth that was influenced, but not entirely caused, by new development (see Figure 6.3).

As values rose, the tax rate fell, yet between 2000 and 2013, Arlington's single-family tax bill was almost always in the top fifty for the state as a whole (Figure 6.4). By 2013, the portion of the CIP tax base was just 6 percent, down from 9 percent in the late 1980s.¹² To restore the CIP tax base to pre-reces-

¹² Massachusetts Department of Revenue (DOR), Division of Local Services (DLS), Municipal Data Bank.

Table 6.7. 2020 Employment Projections and Space Needs (Square Feet (SF))

Industry	2012 Jobs					Employment in 2020 [1]		Potential Change by 2020		Building Requirements [2] (SF)		
	2001	2008	2010	2012		Low	High	Low	High	Industrial/Flex	Office/Institutional	Commercial
23 - Construction	469	422	366	431		383	449	(48)	18	8,768		
31-33 - Manufacturing	274	123	119	109		124	135	15	26	13,178		
42 - Wholesale Trade	89	126	118	129		116	134	(13)	5	2,275		
44-45 - Retail Trade	1,202	933	893	916		864	883	(52)	(33)			N/A
48-49 - Transportation and Warehousing	11	30	48	51		31	53	(20)	2	874		
51 - Information	216	103	228	228		101	235	(127)	7		1,312	
52 - Finance and Insurance	328	305	289	367		364	474	(3)	107		21,392	
53 - Real Estate and Rental and Leasing	186	178	165	140		139	171	(1)	31		6,127	
54 - Professional and Technical Services	671	480	342	359		431	593	72	234		46,709	
56 - Administrative and Waste Services	359	356	270	321		302	372	(19)	51	25,325		
61 - Educational Services	569	209	201	232		229	252	(3)	20		3,972	
62 - Health Care and Social Assistance	1,194	1,526	1,470	1,569		1,848	2,007	279	438		87,625	
71 - Arts, Entertainment, and Recreation	92	160	146	134		164	201	30	67			23,475
72 - Accommodation and Food Services	660	696	685	728		716	734	(12)	6			2,060
81 - Other Services, Ex. Public Admin	539	549	655	695		726	841	31	146			51,045
Total	7,011	6,325	6,124	6,534		6,816	7,475	129	1,122	50,420	167,136	76,581

[1] Range based on Arlington's representation of statewide employment by sector for 2008, 2010 or 2012.

[2] Based on employment per building area at 500 SF for industrial; 200 SF for office; and 350 SF for commercial

Source: WA Executive Office of Labor & Workforce Development, ULI & RKG Associates, Inc.

sion levels would require major land use and density changes in Arlington's commercial and industrial districts. For example, achieving a CIP share of 8 percent would require about twice (1.93 times) the amount of commercial floor space that currently exists in Arlington; this is roughly equivalent to adding another story of space to each existing commercial structure in town.

Issues and Opportunities

Employment Projections and Space Needs. Utilizing state employment projections to 2020, as obtained from the Executive Office of Labor and Workforce Development (EOLWD), a range in local employment can be estimated by varying the capture rate by different industry sectors based on Arlington's employment between 2008 and 2012. This estimate can assist in determining building space needed to accommodate employment growth over the next several years (Table 6.7).

Private-sector employment in Arlington is expected to grow to between 6,816 and 7,475 jobs by 2020, compared with 6,534 jobs recorded in 2012. Most of this increase is projected to occur in three sectors: health care/social assistance, professional /technical services, and finance/insurance. The anticipated increase in local employment could translate into the potential need for 160,000 sq. ft. of office space, 50,000 sq. ft. of industrial/flex space, and 76,000 sq. ft. of retail/commercial space. Much of this demand for new space may be accommodated by adding one story to existing single or two-story commercial buildings along Massachusetts Avenue and Broadway. These are relatively modest demands given the existing inventory of commercial and industrial floor space.

Retail Service Potential. The existing retail/commercial base in Arlington underserves its population and local spending dollars are leaving town. Arlington has 101 retail-classified parcels and forty-five parcels classified with auto-related uses, totaling less than 1 million square feet of combined commercial space. Arlington lacks a mid- or large-scale shopping mall or plaza, as found in Cambridge, Burlington, and Somerville. As a result, households are inevitably making some basic purchases outside of Arlington resulting in "sales leakage." One business with retail strength is drug stores/pharmacies, which "imports" of sales, i.e. people from outside Arlington purchase goods at these businesses.

Appendix 5-x exhibits the difference between actual retail sales and residential demand in Arlington.

If all leaked sales from Arlington residents were to be captured by Arlington stores, the town could support another 1.2 million sq. ft. of retail development. However, that would require 100 acres of land (at a floor area ratio (FAR) of 0.25), or 33 acres (with a 0.75 FAR). Under current and future market conditions, it may be possible to capture 10-30 percent of Arlington's leaked sales demand, depending on specific site requirements, parcel size/availability and whether local demand is strong enough to trigger construction activity among retailers and developers. Arlington could hypothetically support another 5,100 sq. ft. of car parts and tire stores. Likewise, there is demand for an additional 12,000 sq. ft. of grocery store space, though this small size is impractical for major grocery retailers (but perhaps not for local independent grocery stores, food cooperatives or small stores trading in specialty foods). Arlington needs to strategically think about the goods and services residents want and the town's ability to provide land for those uses.

The Creative Economy. Cultural activities and venues are important to Arlington residents. Vision 2020 surveys show that an overwhelming majority of residents consider cultural activities and historic resources as important characteristics of Arlington, and over half strongly support museums, galleries, and theatres as desirable land uses for new development. Identifying and addressing the needs of Arlington's arts-related workers could be important for the long-term success of any cultural tourism plan. Conducting an assessment of financial, spatial, technical assistance, marketing, events, and other needs of arts entrepreneurs could help the Town focus its efforts and determine how it can best support the creative economy, given Arlington's other economic development needs, e.g., business retention and recruitment or instituting financial, permitting, and other incentives for new business development. The ability to re-use underutilized commercial/industrial property in Arlington by growth industries in creative and knowledge sectors should be intensively examined. Vibrant streetlife in the town's commercial centers, fostered by street performers, outdoor dining and art programming, supports these creative industries, which in turn can boost Arlington's cultural cache and attract regional and out-of-state visitors.

Redevelopment Opportunities. Like many towns and cities on the urban edge, Arlington has the potential for innovative commercial development that engages non-traditional business sectors, and/or pairs with other land uses. Several sites offer substantial potential for redevelopment into more valuable properties that can fill residents' stated desire for more commercial and employment options in town, while providing more revenue to improve the town's finances. Moreover, since housing diversity and affordability are essential to a well-rounded economy, redevelopment opportunities such as these would most likely be strengthened if they include both residential and nonresidential components.

Co-Work Space. Arlington has highly educated home-based workforce. This demographic, combined with the strategic location between Boston, Cambridge and the Route 128 corridor, makes Arlington a potential location for new types of flexible, collaborative work spaces that allow home-based workers to interact with a diverse set of peers for sharing ideas, methodologies and services. These "co-working" facilities meet the greatest need of home-based workers – periodic social interaction in a professional, efficient and comfortable working environment that offers shared office services, such as conference rooms, professional-level printers, large kitchen facilities, messaging and reception services, typically not available in homes, coffee shops or other places.

The ability to lease space on a daily, weekly or monthly basis is attractive to individuals, and freelancers, as well as small technology, information and creative start-up firms with fluctuating funding and staffing levels. In Arlington, co-working spaces, business incubators and similar facilities can be created in existing under-utilized retail, office and warehouse/industrial properties with relatively little capital (mostly interior renovations that require little or no alterations to building footprints or facades). Co-working spaces are generally more attractive when located in highly-accessible vibrant districts with a mixed use environment. The Arlington Heights, Arlington Center and East Arlington business districts could be ideal sites for these types of shared workspaces.

Recommendations

1. **Business District Zoning.** Amend the Zoning By-law to enhance flexibility in the business districts to promote development of higher-value mixed use properties.

The B1 district helps to preserve small-scale businesses in or near residential areas, but changes in other business districts should be considered. The Town should encourage commercial properties along Massachusetts Avenue, Medford Street, and Broadway to develop to their highest and most valuable potential by slightly expanding height and lot coverage limits, and making more flexible requirements for on-site open space and parking.

2. **Industrial District Zoning.** Amend the Zoning By-law by updating the Industrial District to adapt to current market needs. Current industrial zoning is focused on manufacturing and assembly uses, but is not very flexible. Modifications to use regulations would be effective in attracting new businesses and jobs in emerging growth industries such as biotechnology, pharmaceuticals and creative sectors.. The following changes should be considered for the Industrial district:

- Remove the minimum floor area requirement of 2,000 sq. ft. for Personal, Consumer and Business Services. Some manufacturing facilities operate in small spaces, so it should be possible to subdivide available floor area if necessary to support smaller industrial operations.
- Allow restaurants in the Industrial district, to serve employees of new industry, and residents of the region. Patrons of dining establishments are now accustomed to finding restaurants in non-traditional settings. The restaurant industry is growing in the area, including fine dining and "chef's" restaurants. Due to the timing of operations, restaurants and manufacturing facilities can often share parking and access routes.
- Allow small (<2000sf) retail space by right or special permit in the Industrial districts to promote maximum flexibility in redevelopment of existing industrial properties into higher value mixed use properties..

- Allow residences to be built in Industrial Districts by special permit as part of mixed use developments where associated commercial/industrial space comprises the majority of usable space. This is particularly helpful in spurring development of live/work studios for artists and creative professionals in visual, graphic and performing arts and associated trades..

3. Collaborative Work Spaces. Allow new collaborative work spaces to attract small business ventures, innovative companies, entrepreneurs, and currently home-based businesses. These contemporary work environments provide the facilities, services, and networking resources to support businesses and help them grow.

There has been an increasing amount of new collaborative work space across the nation. Co-work facilities lease offices, desks, or even shared benches for small businesses or individual entrepreneurs. They are meeting needs for comfortable, affordable, short-term work environments by providing monthly leases with maximum support. In the Boston area alone, several of collaborative work spaces have opened in Downtown Boston, the Seaport Innovation District, Central Square in Cambridge, Field's Corner in Dorchester, Chelsea, and more. These well-designed and well-equipped offices provide twenty-four hour workspace, lounges, meeting rooms, sometimes food and drink, and most importantly, smart and exciting places to work. They provide more than just an address for a small business; they help to "brand" the business with the collective work environment they inhabit. They are also a hub for networking, promotion, and events.

Arlington has many home-based businesses and freelance employees that could be attracted to work in these types of spaces. In addition, new entrepreneurs and small startup firms from Arlington and across the region would have a new, perhaps more accessible option for their operations. Other contemporary business models that often support collaborative work spaces include business incubators and accelerators. These facilities can be operated as for-profit businesses, making equity investments in companies they host, or as non-profit small businesses, or workforce development proj-

ects. Supporting incubators or accelerators in Arlington's business scene is also worth investigating.

To develop or attract collaborative work space, business incubators and accelerators, Arlington should take the following steps:

- Engage with local collaborative work space providers in the Boston area to learn of their interests or concerns with the Arlington market. This process should include site visits to various collaborative work facilities in Boston, Cambridge, Chelsea, and Somerville. There should also be a continuation of the community engagement process begun by the Town in summer 2014. Meetings with residents, small business owners, and co-work space developers can help create customized business space for Arlington.
- Survey similar efforts by neighboring cities and towns, including the City of Boston and their current Neighborhood Innovation District Committee, which seeks to expand entrepreneurial small business development throughout the city.
- Identify cost effective incentives for small business creation that could be directed to collaborative work, incubator or accelerator type of facilities. Federal or state grants can be used for the development of collaborative work space or for reducing costs for new tenants of co-working facilities.

4. Magnet Businesses. Invest in promotion and support of Arlington's magnet businesses.

Magnet stores attract customers not only from Arlington, but also from neighboring communities. A recent study, *The Economic Impact of Arlington's Theatres* (2013) estimates the significant impact of the Regent and Capitol Theatres on Arlington's restaurants and shops that benefit from theatre patrons. To support magnet businesses, Arlington should focus on maintaining and enhancing public infrastructure (parking, roadways, sidewalks, etc.) in its business districts and developing flexible zoning that allows magnet firms to grow and thrive in Arlington.

5. Performing Arts Organizations. In addition to the for-profit theater businesses, the non-profit

theaters and auditoriums also attract out-of-town patrons. Arlington should further invest in the promotion of its performance venues.

6. **Identify and promote locations suitable for high-quality office buildings or an innovation park**, and amend the Zoning Bylaw as necessary to encourage them.
7. **Implementation of Koff Report.** Revisit the recommendations contained in the Koff & Associates Commercial Center Revitalization report, and implement the most appropriate ones in coordination with other Master Plan initiatives.

From the Koff Report:

ARLINGTON HEIGHTS:

- Encourage property owners to rent to a wider variety of retail, dining and service uses to better support local demand and draw new customers to the district..
- Improve public parking availability.
- Encourage property and business owners to enhance storefronts and commercial signage where needed. Collaborate with the Arlington Heights merchants to maintain the business directory and improve promotional and wayfinding signage.
- Strategically improve public infrastructure, particularly deteriorated town owned properties and spaces.

EAST ARLINGTON

- Improve the availability and management of public parking. Examine shared parking, a permit program, new facilities, adjusted time limits, consistent enforcement, and the possibility of meters.

ARLINGTON CENTER

- Revise the Zoning Bylaw to support desired and appropriate building placement, form, scale, density and mix of uses.
- Collaborate with local arts and cultural organizations to program civic events, gatherings and outdoor art exhibitions in open spaces throughout the district, giving local residents and tourists reason to visit Arlington Center on a regular basis.
- Encourage property and business owners to make storefront and commercial sign enhancements in-



cluding restorations, window signs and treatments, blade signs, lighting and other enhancements.

